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SUBJECT: U.S. ENGAGEMENT VITAL TO NILE NEGOTIATIONS

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SUMMARY

11. (U) The Nile River runs through ten countries, whose populations depend on its waters for their livelihood. It is a shared, multi-state river basin characterized by water scarcity, poverty, rapid population, and a long history of dispute and instability. Sound and equitable management of the Nile is complicated by a web of historical, political, environmental, economical, cultural, and technical challenges. In February 1999, the ten Nile Basin countries (Kenya, Burundi, Rwanda, Tanzania, Eritrea, Ethiopia, Sudan, Egypt and Uganda) created the Nile Basin Initiative (NBI) to develop the Nile Basin in a cooperative manner, to share its socioeconomic benefits, and to promote regional peace and security. As the NBI countries continue to grapple with contentious negotiations, the entire initiative appears to have reached a tipping point. Given that the issue of the Nile has the potential to incite conflict between Egypt and the Nile countries of Sub-Saharan Africa, more needs to be done to highlight and enhance the NBI's confidence-building mechanisms throughout the region. At this crossroads, there is value for increased U.S. engagement that includes additional support for the NBI process within the framework of Sudan sanctions.

BACKGROUND

12. (U) Management of the Nile's resources is complicated, in part, by the legacy of the region's colonial past. Under a 1929 Treaty between Egypt and Britain and the 1959 Agreement for the Full Utilization of the Nile Waters between Egypt and Sudan, Egypt -- and Sudan to a lesser degree -- acquired exclusive rights over the Nile's use. Accordingly, Egypt assumed the right to veto any construction projects on the Nile that would adversely affect its interests, and it reserved the right to undertake Nile-related projects without the consent of upper riparian states. Moreover, the 1959 agreement unambiguously established the specific rights and volumetric quantities allocated to Egypt and Sudan; 55.5 billion cubic meters (bcm) and 18.5bcm, respectively. These agreements are criticized and contested by upstream countries, however, because of their colonial legacy (all of the upstream countries, with the exception of Ethiopia, were colonies of European powers at the time), the non-inclusive and monopolist nature of their provisions, and the embedded perceived inequity in terms of water allocation.

13. (U) While upstream countries are trying to negotiate, through the NBI process, on how best to abrogate what they regard as outdated and invalid colonial treaties, Egypt has repeatedly warned that any unilateral change in the 1929 and 1959 Nile Basin Treaties would be a breach of

international law. Egypt and Sudan assert that any future upstream uses of the Nile waters must not harm the "current uses and rights" of the downstream countries, as defined by the 1959 Agreement, emphasizing that the current water allocations are considered to be non-negotiable. The upper riparians outright reject the inclusion of the words "and rights" as a de facto recognition of what they view as invalid, onerous, illegitimate colonial-era treaties. Because the Sudanese currently use only 13.5 bcm of their 18.5 bcm maximum under the 1959 treaty, they seek assurances that they will maintain their "rights" for future access of up to 18.5 bcm. Yet with mounting environmental pressures straining the Nile's existing resources (deforestation, land degradation, desertification, climate change, pollution, increased populations), all NBI countries recognize that the current lack of a unified and systematic and efficient approach to the management of the Nile's resources will be to the detriment to all riparian countries' development efforts, poverty alleviation initiatives, and health and food security plans. As such, they have united within the NBI context to address their complex colonial legacy.

NBI - NEGOTIATION REALITIES

14. (U) The Nile Basin Initiative has served to provide the political space necessary for the riparian countries to begin to coordinate and negotiate compromises that could lead to a binding, collective agreement for managing the Nile's resources. Despite the protracted conflict of interests in the Basin, the Nile riparian states have moved from open diplomatic conflict towards a more cooperative hydro-political configuration over the last decade. Ultimately, however, in order for all countries to come to the table willing to negotiate a compromise concerning Nile water allocations and utilization in good faith for the benefit of all riparians, there will have to be a fundamental shift in politics as usual. First and foremost, this will entail a unilateral acceptance that Egypt must emerge from negotiations with "a good deal." All realize that change must be agreed upon collectively, but that success will be strongly contingent upon Egypt's express consent. Secondly, there must be solid recognition that all governments must be able to effectively "sell" any agreement to their constituents; that no politician will accept any end product that can be touted by opposition groups at home as a "sell out."

15. (U) Equally important is an understanding that the debate is more sophisticated than a legal dispute over the meaning of a few contested words in one sub-paragraph of the 38-Article CFA, that it represents more than a dispute over specific water allocation numbers, and that it is not merely a disagreement over efficient water resource management. Rather, particularly in the case of Egypt, control of the Nile is inexorably linked to a perception of national security and cultural identity. For example, Egypt boasts more hydrologists than all the remaining riparian countries put together and therefore fully understands that damming Lake Tana for irrigation purposes in Ethiopia would result in less water loss to Egypt than is now experienced by evaporation at the Aswan High Dam in Egypt. Numerous other upstream development schemes, such as irrigation and hydro-dams, if properly implemented and executed, would have little to no effect on the amount of water Egypt currently receives and utilizes. Given that water is a stretchable commodity when harnessed efficiently and effectively (by instituting mechanisms to improve productivity, by adopting improved technologies to enhance water flows, by pursuing climate change adaptation measures, by reversing land degradation trends and siltation, etc.), a solution that placates Egypt's need for a secure water future can translate to a win-win situation for the entire basin of more than 300 million people. Upstream development and Egypt's water security are clearly not mutually exclusive concepts. Key to overcoming political stalemate, however, will be to eliminate this misperception of a zero sum game.

MISTRUST PERSISTS

16. (U) After a decade of building trust through cooperation under the NBI framework, with much notable success at the highest levels that include the negotiation of trade deals between countries that prior to the NBI process would have difficulty with even the most basic communication, a palpable deficit persists within the mindsets of the

public throughout the region. For example, extensive irrigation projects in Egypt will require enormous quantities of water that the upstream riparian nations oppose because of a fear that these plans will sequester their own ambitions for agriculture and hydro-electrical projects. While Egypt continues to harness the resources of the Nile, Cairo's position on upstream development has traditionally been that the upper riparian states are not as dependent on the waters of the Nile for agricultural purposes because they receive plentiful rainfall and are not reliant on irrigation for crop production. Despite this perception on the part of Egypt, Uganda, for example, is engaged in studying several projects that associated with the development of its hydroelectric potential and Kenya and Tanzania are interested in tapping the water of Lake Victoria, the second largest freshwater lake in the world and one of the main sources of the Nile. Ethiopia is using less than five percent of its 3.5 million hectare potential for irrigation, despite the fact that the Blue Nile, which originates in the Ethiopian Highlands, contributes over 80% of the Nile waters that eventually reach Egypt.

17. (U) Given the fact that public perception directly effects a politician's room for political maneuverability, and it is the NBI countries' respective governments that must sell any Nile deal to their publics or face political suicide at home, public perception is a vital component to negotiating a successful resolution on the Nile. The World Bank is gearing up to launch a media assault initiative through the NBI to inform the people in the region on the broad-scope benefits of a Nile resolution. The message will not only highlight the fact that the water security of Egypt and Sudan and upstream Nile development are not mutually exclusive, but that the win-win scenario of a resolution would entail enhanced food and energy security; biodiversity protection; better overall environment stewardship; improved livelihoods; increased standards of living; poverty alleviation; expanded regional trade, growth, and development that would provide Egypt with robust, new markets for its companies; and the promotion of regional peace and security. While the World Bank may be taking the lead in this information campaign, ultimately it is the responsibility of all stakeholders to shape the parameters of the debate and frame the mindsets of the public.

NBI PROCESS: PROMOTES TRADE AND DEVELOPMENT

18. (U) With an objective of promoting trust, capacity building, and creating an enabling environment for investment, the NBI process has numerous success stories to promote that extend far beyond the confines of actual NBI-related issues. For example, since the NBI was formed, trade between Egypt and Ethiopia has nearly doubled year on end, with some high-profile trade agreements in important agricultural commodities such as beef. Even more striking is a recent historical development in the relationship between Ethiopia and Egypt. According to a World Bank official, the two are currently exploring the possibility of embarking on joint ventures that include upstream development of the Blue Nile in Ethiopia with potential World Bank investment. In the very recent past, Egypt would have reacted belligerently to any plans for development of the upstream Nile. Ultimately, given that increased trade fosters interdependency, which in turn traditionally engenders stability, this is a promising trend and a valuable confidence-building tool to advance.

COMMENT - VALUE IN U.S. ENGAGEMENT

19. (U) A World Bank official recently referred to the Nile region as a time bomb with a fuse of unknown length. After years of Cooperative Framework Agreement negotiations to establish the legal mechanism that will govern the management of the Nile, a resolution is hanging in the balance. To date, the U.S. has not played a particularly meaningful role in Nile negotiations, primarily due to legislative constraints that prohibit any USG assistance that would benefit the government of Sudan. Although these constraints have precluded our ability to contribute to the Nile Basin Trust Fund (the World Bank-managed facility that supports the NBI initiative), the U.S. has taken opportunities to provide small-scale assistance in areas that do not render us afoul of the legislative Sudan sanctions. At this crucial juncture in Nile negotiations where we face the real possibility of a failed Nile solution - a situation that has the potential to incite conflict between Egypt and the Nile countries of Sub-Saharan Africa - more needs to be

done to highlight and enhance the NBI's confidence-building mechanisms throughout the region. Capitalizing on the new slate created by a political transition in Washington, and with the stated support from World Bank top officials, the U.S. should consider increased engagement with the NBI process within the framework of Sudan sanctions.

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